

Framework Agreement on the Structural Reforms of the Labor Market

December 2014



대통령 소속

경제사회발전노사정위원회

Economic and Social Development Commission

Framework Agreement on the Structural Reforms of the Labor Market

December 23, 2014

The Framework Agreement on the Structural Reforms of the Labor Market, as stated below, is hereby concluded by:

KIM, Dong-man, Chairman of Federation of Korean Trade Unions

KIM, Young-vae, Acting Chairman of Korea Employers Federation

PARK, Yong-maan, Chairman of Korea Chamber of Commerce and Industry

CHOI, Kyung-hwan, Deputy Prime Minister & Minister of Strategy and Finance

LEE, Ki-kweon, Minister of Employment and Labor

YOON, Sang-jick, Minister of Trade, Industry and Energy

KIM, Jeong-sook, public interest member of Economic and Social
Development Commission

KIM, Tae-gi, public interest member of Economic and Social
Development Commission

CHOI, Young-ki, Vice-Chairman of Economic and Social
Development Commission

KIM, Dae-hwan, Chairman of Economic and Social
Development Commission

The Structural Reforms of the Labor Market : Principles and Directions

Amid the fast changing environment surrounding us, in the forms of globalization, population aging, informatization and the shift to service economy and the advent of the low-growth age, and the growing uncertainties and insecurities in the global economy, the Korean economic and labor orders which were mostly shaped in the periods of industrialization and fast economic growth have failed to respond proactively to these changes.

The consequences are that the economic vitality has been undermined and a sufficient number of decent jobs have not been generated while the dual structure of labor market and the social polarization are taking root, which, in turn, raise concerns about the sustainability of the systems.

In response, the Economic and Social Development Commission of Korea set up the Special Committee on the Structural Reforms of the Labor Market, where the tripartite members held intensive discussions on how to prepare ourselves for 30 years to come while inheriting and developing the spirits enshrined in social dialogue and agreements achieved in the past 30 years. In the wake of the discussions of the Special Committee, tripartite leaders shared the understanding about the urgent need to seek a new paradigm and structural reforms of the labor market in order to overcome both the ongoing crisis

and the possible one in future years, and agreed to discuss 5 major agenda items and 14 specific tasks towards the goal of the structural reforms of the labor market.

Tripartite leaders hereby agree to pursue the structural reforms of the labor market with the aim of creating more and better jobs and promoting employment security and social integration, under principles and directions of the structural reforms as given below :

< Principles >

1. Tripartite leaders shall proceed with the structural reforms of the labor market, from the long-term viewpoint of partnership and the community-oriented perspectives which cover both the labor and management and the current and future generations.
2. Tripartite leaders shall share social responsibilities and burdens involved in the future efforts to reform the labor market structure, based on the sense of liability for the labor market reality.

< Directions >

1. While agreeing on the need to lay the foundation for shared growth of contractors and subcontractors and large companies and smaller ones by ensuring fair transactions and mutual cooperation among them, to regulate non-regular employment and improve remedies for discrimination against non-regular

employees and to revitalize the labor market by adjusting the labor mobility and schemes of employment and wage and ways of working, for the ultimate goal of mitigating the dual structure of labor market and improving income distribution, tripartite leaders shall give priority to working out solutions to address these issues.

2. Tripartite leaders shall place the highest priority on resolving the pending issues concerning wage, working hours and retirement age in a way that clears away the existing uncertainties in the industrial fields, minimizes conflicts between the labor and management and is beneficial to both parties, and shall make concerted efforts to reduce consumptive disputes in the industrial fields.
3. Tripartite leaders shall promote social dialogue involving all of the social partners at the national, regional and occupational level and reinforce the partnership among the social partners, with a view to ensuring that no worker remains outside the coverage of basic labor rights, the representation of unorganized sectors is increased, conflict management is done in a reasonable way and employers' and workers' social responsibilities are strengthened further.
4. Tripartite leaders shall work to build a tighter and denser social safety net, particularly giving priority to a solution to upgrade the unemployment benefit program, in order to ensure that no group of people are left outside the

protection of social security programs, the efficiency of these programs is enhanced, vulnerable groups of workers have higher rates of income and the mechanisms of preemptive protection, including those of job skills development and public employment service, are stepped up.

5. Tripartite leaders shall improve the relevant laws and systems and increase related policy links in order to back up the efforts for the structural reforms of the labor market, while seeking higher productivity and workplace innovations with the spirit of labor-management partnership.

Tripartite leaders, being guided by the principles and directions stated above, shall proceed with social discussions and further consultations on the specific tasks under the agenda items for the structural reforms of the labor market. The discussions and consultations on the priority tasks, however, shall be completed by March, 2015.

December 23, 2014

【Appendix】

5 Major Agenda Items and 14 Specific Tasks by the Special Committee on the Structural Reforms of the Labor Market

5 Major Agenda Items	14 Specific Tasks
1. Dual structure of Labor market	1) To ensure shared growth, e.g. by promoting mutual cooperation between contractors and subcontractors, and large companies and smaller ones 2) To regulate non-regular employment and improve the remedies for discrimination against non-regular employees 3) To vitalize the labor market, by adjusting the labor mobility and schemes of employment and wage and ways of working
2. Pending issues, including wage, working hours and retirement age	1) To improve the ordinary wage system 2) To revise the laws and systems to ensure the soft landing of reducing hours worked 3) To improve the wage system and other schemes to ensure the soft landing of the extended retirement age
3. Establishment of social partnership	1) To ensure universal coverage of basic labor rights and increase the representation of unorganized sectors 2) To promote social dialogue at national, regional and occupational level 3) To develop a reasonable labor relations and strengthen employers' and workers' social responsibilities
4. Improvement of social safety net	1) To ensure universal coverage of social security programs and increase their efficiency 2) To increase income of vulnerable groups of workers 3) To step up preemptive protection mechanisms including job skills development programs and advancement of public employment service
5. Other matters related to structural reforms	1) To modernize relevant laws and systems and increase related policy links in order to support efforts for the structural reforms of the labor market 2) To promote productivity and workplace innovations